Abstract
The main objective of this study is to analyze the relationships between consumption of energy, output, relative prices of energy and employment in Mexico over the period 1965-2001. The main results indicate that there is at least one cointegrating vector implying one long-term stable relationship between energy consumption, output, relative prices and employment. This cointegrating vector, which was obtained by the Johansen (1988) procedure and corrected for possible structural changes using the method proposed by Hansen and Johansen (1993), has coefficients that can be interpreted according to the economic theory as a demand function and that suggest energy and employment are substitute goods. The weak exogeneity tests show the existence of a close relationship between consumption of energy and output, meanwhile the relative prices and employment are weak exogenous. The Granger non-causality tests indicate a bidirectional relationship between the changes of output and energy consumption and the presence of a complex feedback process between all the variables included in the analysis that must be considered in order to design an energy control public policy. In this sense, the simultaneous movements among energy, income and employment suggest that any energy control policy might also influence the trajectory of output and employment.

Keywords
energy, output, employment, causality.